

PUBLIC CHAPTER NO. 726

SENATE BILL NO. 3982

By Haynes

Substituted for: House Bill No. 3866

By Overbey

AN ACT to amend Tennessee Code Annotated, Title 48, Chapter 17, relative to civil proceedings involving corporations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 48-17-401, is amended by deleting subsection (d) in its entirety and by substituting instead the following:

(d) On termination of the proceeding, the court may order:

(1) The corporation to pay the plaintiff's reasonable expenses, including counsel fees, incurred in the proceeding if the court finds that the proceeding has resulted in a substantial benefit to the corporation;

(2) The plaintiff to pay any defendant's reasonable expenses, including counsel fees, incurred in defending the proceeding if the court finds that the proceeding was commenced or maintained without reasonable cause or for an improper purpose; or

(3) A party to pay an opposing party's reasonable expenses, including counsel fees, incurred because of the filing of a pleading, motion or other paper if the court finds that the pleading, motion or other paper was not well grounded in fact, after reasonable inquiry, or warranted by existing law or a good faith argument for the extension, modification or reversal of existing law and was interposed for an improper purpose, such as to harass or cause unnecessary delay or needless increase in the cost of litigation.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: March 31, 2008



RON RAMSEY
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 10th day of April 2008



PHIL BREDESEN, GOVERNOR